



DATE: February 3, 2011
TO: Chairman Pringle and Authority Board Members
FROM: Roelof van Ark, Chief Executive Officer
RE: Agenda Item 10: February 2011 CEO's report to the Board

General Update

It was very encouraging to note that President Obama has clearly kept investment into high-speed rail (HSR) infrastructure projects a priority to boost the economy and job creation of the country. It was even more encouraging that he singled out California and the Midwest as projects which are ready to go. The House Transportation and Infrastructure Committee Chairman John Mica (R-FL) has announced hearings/listening sessions around the United States in the month of February. These hearings may be focused on specific topics related to the successful implementation of HSR, and the period of February 21-23 has been allocated to Oregon (Portland), Washington (Vancouver), and the Central Valley and Southern California.

General Outreach

- Assembly Select committee on High-Speed Rail: Vice Chairman Tom Umberg and I updated the committee on the status of the project.
- Spoke with the Southern California transportation agency CEOs via conference call.
- Received a Chinese delegation both here in Sacramento as well as in Fresno, where they visited the Initial Construction Section. They made further offers of financial support to the project.
- The Japanese Embassy arranged a very successful HSR forum in Los Angeles on Jan 14 which attracted more than 400 participants and many elected officials.
- Met with various elected officials on the issue of Small Business Enterprises and their participation on our project.
- Jan 25th meetings with Gilroy and Morgan Hill city officials.
- Met with the Consul Generals of both Germany and the United Kingdom in San Francisco to update them on the status of the project.
- Professional Engineers in California Government (PECG): Members of the Authority's technical team attended a workshop in Washington D.C., arranged by UNIFE and the FRA, at which technical comparisons between the European technologies and those envisaged for very high-speed rail in the USA were discussed.

Authority Outreach

The Authority continues with its outreach and cooperation with local communities and stakeholders holding more than 47 meetings were held during the month of January.

LA Union Station

We are in discussion with the LA MTA regarding the acquisition of the LA Union Station site and associated real estate for the purpose of right of way preservation. Details will be discussed with the Board in closed session pursuant to Government Code section 11126(c) (1).

Budget Update

The Authority has appeared recently at both the Assembly and Senate Budget hearings. It is clear that due to the dynamic nature of the project that certain aspects of the budget will need to be re-visited, as we have not been able to finalize certain aspects of the budget, such as the costs in the coming budget year for joint work conducted with Caltrans, Caltrain, and with ongoing ridership forecasting work and additional staff needs for the Authority.

Update on 2011 Schedule Issues

- Clearly, we need to achieve our ROD/NOD for the two Central Valley sections in the fall of 2011. This will allow for contracts to be placed for the Initial Construction Section by mid-2012. To meet this date, the Authority is planning to issue a Request for Expression of Interest (RFEI) to interested parties, sometime within the next few weeks, with the aim to collect data from the market and to judge the interest of the industry. Following the return of the RFEI information to the Authority, it is our intention to issue a Request for Qualification (RFQ) to the market at approximately the middle of the year 2011. This will be used to pre-qualify interested bidders, or bidder consortiums, for the construction of the "Initial Construction Section" in the Central Valley. Following this prequalification, the Authority will go to market at the end of the year, with a Request for Proposal (RFP) which will lead to one or more contracts being placed for the infrastructure contracts in the Central Valley during the second half of 2012.
- To meet the various funding requirements, particularly the release of Prop 1A bond funds, the Authority will need to submit the required "Funding Plan" to the Legislature by early October 2011.
- To meet the requirements of the Senate Bill #783 (Ashburn) from the 09/10 session the Authority will need to submit a revised Business Plan on or before January 1, 2012. A draft of the plan needs to be made public 60 days before a Public Hearing, thus we are aiming at having this public draft available on October 1, 2011. To meet the requirements of both the "Funding Plan" as well as the "Business Plan" the Authority will be bringing to the board, in the March to April time frame, various scenarios which will define possible "Initial Operable Sections"
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- Two sections of the alignment, namely San Francisco to San Jose and LA to Anaheim, are quite technically challenging. Furthermore, both of these sections, where high-speed trains may operate at reduced speeds, offer great opportunity for phased implementation that can also bring benefits to existing services. We will be working with the local and regional agencies and the communities to incorporate a phased implementation approach into the project environmental documents while ensuring that the environmental documents would continue to portray the full build out of the section as well, as required by law. Considering this, and as these sections are no longer ARRA sections, we recommend that the draft EIR not be issued before the end of 2011 for these segments. This will allow all stakeholders to participate in the further investigation and development of the alignments, and some of the technical complexities of the operations and alignments can be further analyzed.

FPPC Closes Investigation Relating to Past Travel Reporting, No Violation

The FPPC has written letters to all affected board members as well as Mr. Mehdi Morshed (former ED of the Authority) with the following content: "Our investigation determined that there was no evidence that you committed a violation of the Act. As a result we are closing the case without taking any further action."

Communications and Outreach

Starting mid-January, 2011, Katherine Strehl has become the Program Manager of the Ogilvy Team, working out of the Authority's offices in Sacramento.

Meeting with the FRA

During the week Feb 7th to 11th, the FRA will be visiting the Authority to do a project review and do an expert analysis of the Central Valley Initial Construction Section

Staffing at the Authority

Unfortunately, the situation with respect to the hiring of exempt staff has not yet been resolved as no legislation has been passed to address this situation. The situation is critical as the work at the Authority continues to increase. Even the hiring of state staff remains limited, as the hiring freeze instituted by the former governor still seems to remain in force.